

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

AUDIT OFFICE



SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

AUDIT REPORT #08-059
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006

SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006

AUDIT STAFF

Ron Shackelford, CPA
Shakil Anwar, CPA
Harvey Hunter, CPA

Audit Chief
Assistant Audit Chief
Auditor

AUDIT REPORT NUMBER

#08-059

SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA

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CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

Michael O'Connell, President
Board of Directors
San Benito County Saddle Horse Show, Rodeo & Fair
P.O. Box 56
Hollister, California 95024

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial condition of the San Benito County Saddle Horse Show, Rodeo & Fair, a special fund of the San Benito County Saddle Horse Association, a non-profit corporation, as of December 31, 2007 and 2006, and the related statements of operations and changes in accountability, and cash flows-regulatory basis for the years then ended. These financial statements are the responsibility of the San Benito County Fair's management. Our responsibility is to express an opinion on these financial statements based on our audits.

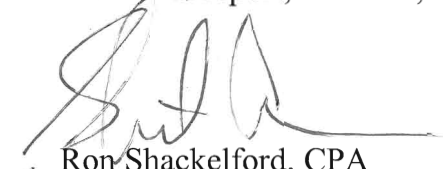
We have conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Benito County Saddle Horse Show, Rodeo & Fair, as of December 31, 2007 and 2006, and the results of its operations and changes in accountability, and cash flows-regulatory basis for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The San Benito County Saddle Horse Show, Rodeo & Fair has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management Report #08-059 on the San Benito County Saddle Horse Show, Rodeo & Fair's compliance with State laws and regulations and system of internal accounting control, is issued solely for the purpose of additional analysis and should be addressed by the San Benito County Saddle Horse Show, Rodeo & Fair as appropriate. This additional report, however, is not a required part of the basic financial statements.


For Ron Shackelford, CPA
Chief, Audit Office

August 13, 2008

**SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA**

**STATEMENTS OF FINANCIAL CONDITION
December 31, 2007 and 2006**

| | <u>Account Number</u> | <u>2007</u> | <u>2006</u> |
|--|---------------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash in Bank | 111 - 119 | \$ 104,924 | \$ 111,641 |
| Accounts Receivable, Net | 131 | 836 | 1,661 |
| Equipment, Net | 193 | - | - |
| TOTAL ASSETS | | <u>105,760</u> | <u>113,302</u> |
| LIABILITIES AND NET RESOURCES | | | |
| Liabilities | | | |
| Accounts Payable | 212 | 2,739 | 2,890 |
| Deferred Income | 228 | 12,500 | 12,500 |
| Total Liabilities | | <u>15,239</u> | <u>15,390</u> |
| Net Resources | | | |
| Net Resources - Operations | 291 | 90,520 | 97,911 |
| Total Net Resources Available | | <u>90,520</u> | <u>97,911</u> |
| TOTAL LIABILITIES AND NET RESOURCES | | <u>\$ 105,760</u> | <u>\$ 113,302</u> |

**SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA**

**STATEMENTS OF OPERATIONS/CHANGES IN ACCOUNTABILITY
Years Ended December 31, 2007 and 2006**

| | Account Number | 2007 | 2006 |
|---|---------------------------|------------------|------------------|
| REVENUE | | | |
| State Allocation | 312 | \$ 50,000 | \$ 50,000 |
| Exhibits | 430 | 654 | 438 |
| Horse Show | 440 | 3,970 | 4,075 |
| Interim Attractions | 460 | 65,385 | 62,496 |
| Miscellaneous Fair | 470 | 48,424 | 53,822 |
| Prior Year Adjustment | 490 | - | 341 |
| Other Operating Revenue | 495 | 4,828 | 4,680 |
| Total Revenue | | 173,261 | 175,852 |
| EXPENSES | | | |
| Administration | 500 | 47,517 | 46,937 |
| Maintenance and Operations | 520 | 14,300 | 15,108 |
| Publicity | 540 | 14,544 | 11,770 |
| Attendance | 560 | 7,215 | 5,942 |
| Miscellaneous Fair | 570 | 25,923 | 26,692 |
| Premiums | 580 | 19,814 | 16,514 |
| Exhibits | 630 | 9,528 | 8,622 |
| Horse Show | 640 | 3,450 | 5,393 |
| Attractions - Fairtime | 660 | 34,972 | 29,500 |
| Prior Year Adjustments | 800 | (2,890) | 2,009 |
| Cash Over/Short from Ticket Sales | 850 | 6,278 | - |
| Total Expenses | | 180,652 | 168,486 |
| RESOURCES | | | |
| Net Change - Income / (Loss) | | (7,391) | 7,365 |
| Resources Available, January 1 | | 97,911 | 90,545 |
| Resources Available, December 31 | | \$ 90,520 | \$ 97,911 |

**SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA**

**STATEMENTS OF CASH FLOWS - REGULATORY BASIS
Years Ended December 31, 2007 and 2006**

| | <u>2007</u> | <u>2006</u> |
|--|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Excess of Revenue Over Expenses (Expenses Over Revenue) | \$ (7,391) | \$ 7,365 |
| Adjustment to Reconcile Excess of Revenue Over Expenses to Net Cash Provided by Operating Activities: | | |
| (Increase) Decrease in Accounts Receivable | 825 | 4,044 |
| (Increase) Decrease in Deferred Charges | - | 12,500 |
| Increase (Decrease) in Accounts Payable | (151) | 1,015 |
| Total Adjustments | <u>674</u> | <u>17,559</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(6,717)</u> | <u>24,924</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| (Increase) Decrease in Equipment, Ne | <u>-</u> | <u>-</u> |
| Net Cash Provided (Used) by Investing Activities | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Increase (Decrease) in Long-Term Debt | <u>-</u> | <u>-</u> |
| Net Cash Provided (Used) by Financing Activities | <u>-</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | (6,717) | 24,924 |
| Cash at Beginning of Year | 111,641 | 86,715 |
| CASH AT END OF YEAR | <u><u>\$ 104,924</u></u> | <u><u>\$ 111,641</u></u> |

**SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The San Benito County Saddle Horse Show, Rodeo & Fair is a special fund of the San Benito County Saddle Horse Association (Association), a non-profit corporation, for the purpose of conducting and administering a Fair for the County of San Benito. A board of directors governs the Association. The State of California, Department of Food and Agriculture, through the Division of Fairs and Expositions provides oversight responsibilities to the San Benito County Saddle Horse Show, Rodeo & Fair. The Association is subject to the policies, procedures, and regulations set forth by management and the board of directors.

The State of California allocates funds annually to the County of San Benito, which is given to the Association, to support operations and acquire fixed assets. However, the level of State funding varies from year to year based on budgetary constraints. The Division of Fairs and Expositions determines the amount of the allocations.

Basis of Accounting - The accounting policies applied to and procedures used by the San Benito County Saddle Horse Show, Rodeo & Fair conform to accounting principles applicable to District Agricultural Associations as prescribed by the State Administrative Manual and the Accounting Procedures Manual. The San Benito County Saddle Horse Show, Rodeo & Fair's activities are accounted for as an enterprise fund. The Governmental Accounting Standards Board defines an enterprise fund as a fund related to an organization financed and operated in a manner similar to a private business enterprise where the intent is to recover the costs of providing goods or services to the general public primarily through user charges.

The San Benito County Saddle Horse Show, Rodeo & Fair's financial activities are accounted for using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board. Thus, revenues are reported in the year earned rather than collected, and expenses are reported in the year incurred rather than paid.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the

reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - No provision is made for income taxes. The Association is a non-profit tax-exempt organization under Internal Revenue Code Section 501c(3) and California Revenue and Taxation Code Section 2370(d). All programs operated by the Fair are exempt from income taxes.

Cash and Cash Equivalents - The San Benito County Saddle Horse Show, Rodeo & Fair's cash and cash equivalents are separately held in various local banks. The Financial Accounting Standards Board defines cash equivalents as short-term, highly liquid investments that are both: (1) readily convertible to known amounts of cash; and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The cost of all cash equivalents of the San Benito County Saddle Horse Show, Rodeo & Fair approximates market value.

The California State Treasury makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments. Each governmental entity may invest up to \$40,000,000 in the fund. Investments in the LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

In accordance with the Accounting Procedures Manual, the San Benito County Saddle Horse Show, Rodeo & Fair is authorized to deposit funds in certificates of deposit and interest bearing accounts. However, Government Code Sections 16521 and 16611 require the bank or savings and loan association to deposit, with the State Treasurer, securities valued at 110 percent of the uninsured portion of the funds deposited with the financial institution. Government Code Sections 16520 and 16610 provide that security need not be required for that portion of any deposit insured under any law of the United States, such as FDIC and FSLIC.

Equipment - Equipment is acquired with operating funds and funds allocated by the State. Any acquired assets, if greater than \$5,000 and a useful life of one or more years, are capitalized and depreciated. Purchases of equipment are depreciated over five years. Amounts spent on repair and maintenance costs are expensed as incurred by the Association. Furthermore, donated equipment is recorded at fair market value at the date of the gift. This recorded basis is depreciated over the useful life identified above.

Sales Taxes – The State of California imposes a sales tax of 7.25% on all of the San Benito County Saddle Horse Show, Rodeo & Fair's sales of merchandise. The San Benito County Saddle Horse Show, Rodeo & Fair collects that sales tax from customers and remits the entire amount to the state Board of Equalization. The San Benito County Saddle Horse Show, Rodeo &

Fair's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

NOTE 2 CASH AND CASH EQUIVALENTS

The following list of cash and cash equivalents were held by the San Benito County Saddle Horse Show, Rodeo & Fair as of December 31:

| | <u>2007</u> | <u>2006</u> |
|-------------------------------------|------------------------------|------------------------------|
| Petty Cash | \$ 200 | \$ 20 |
| Cash in Bank - Operating | 1,725 | 18,385 |
| Cash in Bank - Savings | 1,279 | 1,274 |
| Cash in Bank – County Treasury | 34,505 | 28,116 |
| Cash in Bank – LAIF | <u>67,215</u> | <u>63,846</u> |
| Total Cash and Cash Equivalents | <u><u>\$ 104,924</u></u> | <u><u>\$ 111,641</u></u> |

NOTE 3 ACCOUNTS RECEIVABLE

The San Benito County Saddle Horse Show, Rodeo & Fair is required to record an allowance for doubtful accounts based on estimates of collectibility.

| | <u>2007</u> | <u>2006</u> |
|---------------------------------|--------------------------|--------------------------|
| Accounts Receivable - Trade | \$ 836 | \$ 840 |
| Allowance for Doubtful Accounts | <u>0</u> | <u>0</u> |
| Accounts Receivable - Net | <u><u>\$ 836</u></u> | <u><u>\$ 840</u></u> |

NOTE 4 PROPERTY AND EQUIPMENT

Amounts capitalized for Equipment at December 31, 2007 and 2006 consist of the following:

| | <u>2007</u> | <u>2006</u> |
|--------------------------------|--------------------|--------------------|
| Equipment | \$ 5,500 | \$ 5,500 |
| Less: Accumulated Depreciation | <u>(5,500)</u> | <u>(5,500)</u> |
| Equipment - Net | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

NOTE 6 RETIREMENT PLAN

Temporary, 119-day, employees of the San Benito County Saddle Horse Show, Rodeo & Fair participate in the Part-Time, Seasonal, Temporary (PST) Retirement Plan. The PST Retirement Plan is a mandatory deferred compensation plan under which 7.5% of the employee's gross salary is deducted before taxes are calculated. These pre-tax dollars are placed in a

guaranteed savings program. The employee has the option of leaving these funds on deposit upon separation, or requesting a refund.

NOTE 7 **RECLASSIFICATION**

Certain prior-year balances have been reclassified to conform to current year presentation. This reclassification did not have an effect on net income.

**SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA**

REPORT DISTRIBUTION

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| 1 | Chief Executive Officer, San Benito County Fair |
| 1 | Director, Division of Fairs and Expositions |
| 1 | Chief Counsel, CDFA Legal Office |
| 1 | Chief, CDFA Audit Office |

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

AUDIT OFFICE



SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA

MANAGEMENT REPORT #08-059

YEAR ENDED DECEMBER 31, 2007

SAN BENITO COUNTY
SADDLE HORSE SHOW, RODEO & FAIR
BOLADO PARK, CALIFORNIA

MANAGEMENT REPORT
YEAR ENDED DECEMBER 31, 2007

AUDIT STAFF

Ron Shackelford, CPA
Shakil Anwar, CPA
Harvey Hunter, CPA

Audit Chief
Assistant Audit Chief
Auditor

MANAGEMENT REPORT NUMBER
#08-059

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CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

Michael O'Connell, President
Board of Directors
San Benito County Saddle Horse Show, Rodeo & Fair
P.O. Box 56
Hollister, California 95024

In planning and performing our audit of the financial statements of the San Benito County Saddle Horse Show, Rodeo & Fair (SBC Saddle Horse), Bolado Park, California, for the year ended December 31, 2007, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

In addition, this Management Report includes: (1) matters other than those related to the internal control structure which came to our attention that could, in our judgment, either individually or in the aggregate, have a significant effect on the entity's financial reporting process (e.g., accounting errors, significant audit adjustments, etc.), and (2) areas of non-compliance by the SBC Saddle Horse with respect to State laws and regulations, with the Accounting Procedures Manual, and with established policies and procedures.

In accordance with Government Code Section 13402, Fair managers and Board of Directors are responsible for the establishment and maintenance of a system or systems of internal accounting and administrative control within their agencies. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions.

Due to the small size of the SBC Saddle Horse's office staff, it is not practical to have the degree of segregation of duties possible in a larger organization. Therefore, the Board of Directors must consider this when determining the extent that the Board becomes involved in operations to adequately safeguard the SBC Saddle Horse's assets. The system of internal control should provide the Board of Directors and management reasonable, but not absolute,



assurance that: (1) only authorized transactions are executed; (2) transactions are properly recorded in the accounting records; and (3) material errors and irregularities that may occur, will be detected by the SBC Saddle Horse in a timely manner during the normal course of operations. In this regard, it is particularly important that the Board review and approve significant transactions and critically review monthly financial information. The SBC Saddle Horse's minimum staffing was one factor considered in determining the nature, timing, and extent of the tests to be performed on the SBC Saddle Horse's accounting procedures, records, and substantiating documents.

During our audit of the internal control structure of the SBC Saddle Horse and compliance with state laws and regulations, we identified two areas with reportable conditions that are considered weaknesses in the Fair's operations: accounting for temporary employees, and accounting for independent contractors. We have provided three recommendations to improve the operations of the Fair. The Fair must respond in writing on how these recommendations will be implemented.

We also identified additional areas containing non-reportable conditions. These conditions and accompanying recommendations are not considered significant weaknesses. We have included these items solely for the benefit of the SBC Saddle Horse's management. We suggest the Fair implement the recommendations as soon as practicable. The Fair, however, is not required to provide written responses to the recommendations for non-reportable conditions.

REPORTABLE CONDITIONS

TEMPORARY EMPLOYEES

An examination of the San Benito County Saddle Horse Show, Rodeo & Fair (Association) administration of temporary employees revealed the following:

- a. The Association does not always obtain required documentation from List C of the Form I-9, Employment Eligibility Verification as evidence of employment eligibility for temporary employees hired when required. List C documents include social security card and birth certificates. The Association is required to obtain and examine either one document from List A or one document from both List B and List C. List A documents, such as a U.S. Passport, establish both identity and employment eligibility. Because the Association generally does not obtain documents from List A, they are required to obtain one document from both List B and List C. List B documents, such as a driver's license or State Identification card, establish an individual's identity and List C documents establish an individual's employment eligibility. This was a prior year finding.
- b. The Association did not prepare and submit the DE 34, Report of New Employee(s) to the Employee Development Department (EDD), New Employee Registry, as required. Federal law requires all employers to report to the EDD within 20 days of their start-of-work date.

Recommendations

1. *The Association should ensure it complies with all State and Federal guidelines pertaining to the hiring of temporary employees. The Association should ensure that all proper documentation is obtained as evidence of employment eligibility for all temporary employees hired.*
2. *The Association should ensure that the DE 34, Report of New Employee(s), is prepared and submitted to the EDD, New Employee Registry, within 20 days of their start-of-work date.*

ACCOUNTING FOR INDEPENDENT CONTRACTORS

The Association did not prepare and submit the DE 542, Report of Independent Contractors, to the EDD as required. Information contained on the form is used to assist the state and county agencies in locating parents who are delinquent in their child support obligations. This report is to be submitted to the EDD within 20 days of paying/contracting for \$600 or more in services received by the DAA.

Recommendation

3. *The Association should ensure that the DE 542, Report of Independent Contractors, is prepared and submitted to the EDD within 20 days of paying/contracting for \$600 or more in services.*

NON-REPORTABLE CONDITIONS

STANDARD AGREEMENTS

A review of standard agreements revealed the following:

- a. The Association did not prepare a standard agreement for two individuals who received an IRS Form 1099-MISC for services rendered. Payments to independent contractors are reported to the IRS on the Form 1099-MISC. Recipients of an IRS Form 1099-MISC are not employees and therefore considered independent contractors. According to the APM, fairs are required to enter into a contract for all services performed by independent contractors.
- b. The Association had one multi-year contract for which there was no written justification explaining why the multi-year agreement is in the best interest of the Association. According to the contract manual, if a contract is for more than one year or contains options to renew, which if exercised would make the contract multi-year, a written justification explaining why multi-year contracts were in the best interest of the Association must be included in the contract file and in the contract package if the contract requires F&E approval.
- c. The Association did not go out to bid for its multi-year bookkeeping service contract. According to the F&E Contracts Manual, contracts over \$5,000 and not otherwise exempt from bidding must be either formally bid or awarded using the Alternative Bid Process. The main benefit of competitively bidding all service contracts is to receive such services as the lowest possible cost.

Recommendations

The Association should ensure that a contract exists for any individual who receives an IRS Form 1099-MISC from the Association for services rendered

The Association should ensure that a written justification explaining why multi-year contracts are in the best interest of the Association is prepared for all multi-year contracts.

The Association should follow the F&E Contracts Manual and obtain bids for all contracts over \$5,000 that are not otherwise exempt from the bidding process. At a minimum, this process should be done near the expiration of the current agreement.

ACCOUNTING FOR FIXED ASSETS

Upon examining the Fair's accounting for its equipment costs, our office noted the fixed asset records contained five items totaling \$9,952 that individually do not meet the approved asset capitalization criteria. According to the fixed asset policy established by the Board of Director's in 2005, all assets greater than or equal to \$5,000 are to be capitalized. Items that are valued less than \$5,000 should be removed from the general balance for equipment.

Recommendation

The Association should remove the five items totaling \$9,952 from the fixed asset records and follow the Board-approved fixed asset policy by ensuring that only assets greater than or equal to \$5,000 are capitalized.

DISTRICT AGRICULTURAL ASSOCIATION'S RESPONSE

San Benito County Saddle Horse Show, Rodeo and Fair

"A non-profit event staged for the purpose of encouraging better breeding and training of the reined cow horse and preserve the arts of the vaquero in San Benito County"

October 9, 2008

Mr. Ron Shackelford, CPA
C.F.S.A.
1220 N Street, Room 344
Sacramento, CA 95814

08 OCT 20 11:11 AM
FBI

Dear Mr. Shackelford:

The San Benito County Saddle Horse Association has received and reviewed the draft audit and management reports for the year ended December, 2007. Below is our plan of action to correct the two reportable items.

TEMPORARY EMPLOYEES: TIMEFRAME: IMMEDIATE

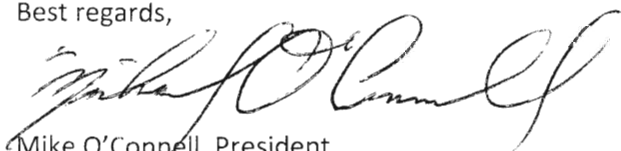
1. The Association directors have all agreed that they will ensure the proper documentation is received for all employees who work during the show. This will be implemented before the June, 2009 rodeo.
2. The software program currently being used by the Association will automatically generate the "report of new employees" form, DE34, and all new employees in 2009 will be reported to the California Employment Department in a timely manner.

INDEPENDENT CONTRACTORS: TIMEFRAME: IMMEDIATE

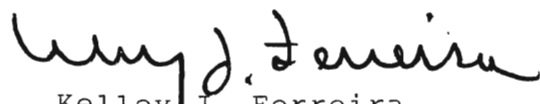
1. All contractors who will be paid (or were paid) \$600 or more will be reported to the California Employment Department using form DE542 "Report of Independent Contractors." Timely reporting will begin with the 2009 contract agreements.

The Association appreciates the valuable feedback as a result of your audits, and will strive to ensure the recommendations are completely implemented.

Best regards,



Mike O'Connell, President
San Benito County Saddle Horse Association



Kelley J. Ferreira
C. E. O

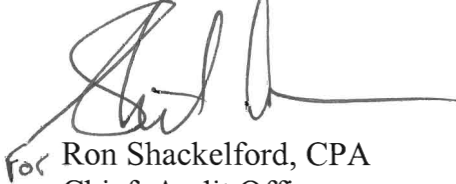
CDFA EVALUATION OF RESPONSE

A draft copy of this report was forwarded to the management of the San Benito County Saddle Horse Show, Rodeo, and Fair, for its review and response. We have reviewed the response and it adequately addresses the findings contained in this report.

DISPOSITION OF AUDIT RESULTS

The findings in this management report are based on fieldwork that my staff performed between August 6, 2008 and August 13, 2008. My staff met with management on August 13, 2008 to discuss the findings and recommendations, as well as other issues.

This report is intended for the information of the Board of Directors, management, and the Division of Fairs and Expositions. However, this report is a matter of public record and its distribution is not limited.


for Ron Shackelford, CPA
Chief, Audit Office

August 13, 2008

REPORT DISTRIBUTION

| <u>Number</u> | <u>Recipient</u> |
|---------------|--|
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| 1 | Director, Division of Fairs and Expositions |
| 1 | Chief Counsel, CDFA Legal Office |
| 1 | Chief, CDFA Audit Office |